

Exhibit 2

From: [Zabel, Allan](#)
To: [Annette Ballatore-Williamson](#)
Subject: RE: BCT draft Permit to Operate
Date: Friday, December 30, 2016 12:08:00 PM
Attachments: [image001.png](#)

Annette – After discussing the draft with my engineer, it turns out there are serious flaws which make the draft PTO unacceptable.

We were dismayed to discover that critical language in the draft PTO that you sent to us last January was removed from the August draft. This deletion was not brought to our attention in the documents you sent to us in August. We had previously stated that emissions from roof landing events had to be included in the 12-month rolling emissions cap. In response to this, the District provided the following language in the January version of the draft PTO:

“Annual emissions from the tanks listed on S-8165-1 and '-2 shall not exceed 18,920 lb-VOC per rolling 12-month period, including emissions during roof landing. [District Rule 2201]”

The August version of the draft PTO drops emissions from roof landing events:

“Annual emissions from the tanks listed on S-8165-1 and '-2 shall not exceed 18,920 lb-VOC per rolling 12-month period. [District Rule 2201] “

This deletion is absolutely unacceptable. To make clear that roof landing events includes associated tank degassing and cleaning, these items must be included in the PTO. In addition, an acceptable protocol for calculating emissions from roof landing and tank degassing and cleaning must be included in the PTO. The calculation methodology set forth in TANKS 4.0.9d has serious shortcomings and will not be an acceptable calculation methodology.

In addition, the emission control requirements for roof landing and tank degassing and cleaning are BACT/LAER requirements under the District's SIP-approved NSR rules. At our meeting in May of this year, we stated that BACT/LAER would need to be applied to BCT. As we have informed the District, the latest version of SCAQMD Rule 1149 (STORAGE TANK AND PIPELINE CLEANING AND DEGASSING) has been in effect since 2008 and BACT/LAER for BCT would have to be at least as stringent as Rule 1149. We believe new conditions ##34-54 were added in the attempt to satisfy this BACT/LAER requirement. However, there are two problems with this approach. First, the new conditions ##34-54 are described as being part of District Rule 4623's "voluntary" program for tank inspection and cleaning. The application of BACT/LAER cannot be "voluntary" and it is not clear whether a participant has the option to withdraw from this program. Second, it is not clear whether Rule 4623's requirements are as stringent as those found in SCAQMD Rule 1149. The District needs to perform a BACT/LAER analysis for whatever requirements are incorporated into the final PTO.

Please contact me if you have any questions or concerns regarding this email. AZ

Allan Zabel
Chief, Air & Toxics Section II

Office of Regional Counsel
EPA Region 9
415-972-3902

From: Zabel, Allan
Sent: Wednesday, December 21, 2016 2:50 PM
To: 'Annette Ballatore-Williamson' <Annette.Ballatore-Williamson@valleyair.org>
Subject: RE: BCT draft Permit to Operate

Annette – I need to check a couple of things with my engineer, but it looks like the draft BCT PTO is fine. I will let you know when that is official. AZ

Allan Zabel
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From: Zabel, Allan
Sent: Monday, December 12, 2016 12:35 PM
To: 'Annette Ballatore-Williamson' <Annette.Ballatore-Williamson@valleyair.org>
Subject: RE: BCT draft Permit to Operate

Annette – After several false starts and distractions, I hope to review the draft PTO by the end of this week. Sorry for the delays. AZ

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From: Annette Ballatore-Williamson [<mailto:Annette.Ballatore-Williamson@valleyair.org>]
Sent: Monday, December 12, 2016 11:43 AM
To: Zabel, Allan <Zabel.Allan@epa.gov>
Subject: RE: BCT draft Permit to Operate

Allan,

I'm following up to see if I can get a status on this.

-Annette

From: Zabel, Allan [<mailto:Zabel.Allan@epa.gov>]
Sent: Friday, September 23, 2016 1:29 PM

To: Annette Ballatore-Williamson
Subject: RE: BCT draft Permit to Operate

Annette – For the past month, I have been overwhelmed with litigation, numerous other enforcement cases, and counselling matters. In addition, I had previously scheduled short vacations. I'm still digging out and won't be able to turn my attention to this until some time in October. Sorry for the delay. AZ

Allan Zabel
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From: Annette Ballatore-Williamson [<mailto:Annette.Ballatore-Williamson@valleyair.org>]
Sent: Friday, August 26, 2016 12:37 PM
To: Zabel, Allan <Zabel.Allan@epa.gov>
Subject: BCT draft Permit to Operate

Allan,

Attached is the proposed draft Permit to Operate, as well as a review of each of the conditions and a discussion of those that have been revised.

I believe the District is looking to issue the Permits soon. However, I will be out of the office for a few weeks, and will ask that they not issue them before I return on September 9, 2016, to give you some time to review and provide any additional feedback.

Annette Ballatore-Williamson
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